

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0897-01
Bill No.: SB 120
Subject: Roads and Highways; Transportation; Transportation Department
Type: Original
Date: January 31, 2011

Bill Summary: This proposal modifies various provisions relating to billboards.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2012 | FY 2013 | FY 2014 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Department of Transportation (MoDOT)** assume since the department has not relocated or reset billboards there is no statistical data that is readily available to estimate the cost to reset. Thus an assumption is made with input from an industry representative that it would cost approximately 25% of the billboards value to reset the billboard in actual cost. While it is highly unlikely, but for the purposes of this fiscal note it is assumed that no condemnation action will be necessary to acquire billboards when using the traditional method of acquisition.

It is estimated that the average value of a billboard structure is \$150,000. Using the industry estimate of 25% of the value as an actual cost to reset, the average cost per billboard to reset would be \$37,500.

It must be noted that the traditional method of purchase allows for salvage of the structure. Salvage values vary by structure; however using the industry's estimates the average salvage values should amount to approximately 50% of the billboards value. Salvage values are typically negotiated and often result in a reduction in salvage value thus a salvage value for the purpose of this exercise will be applied at 25%. An assumption will be made that all billboards acquired using the traditional method will be salvaged by the billboard owner.

Using the above estimates and assumptions the calculations below will show what is estimated as the net fiscal impact to the department:

Calculations under this proposal:

35 billboards x \$37,500 (actual cost to reset) = \$1,312,500

versus

The traditional method of acquisition/salvage

35 billboards x \$150,000 - \$37,500 (salvage value) = \$3,937,500

Potential Net Savings to the Department = \$2,625,000

These calculations indicate that an estimated \$2,625,000 could be saved under this proposal during FY 2012 - 2015 of the department's current approved STIP.

Oversight assumes there will be no fiscal impact to this proposal. In a previous response to a fiscal note, SB 57, 0374-02 (2009), MoDOT assumed no fiscal impact because they did not believe any savings would be realized until the start of the project and they did not have a time

VL:LR:OD (12/02)

ASSUMPTION (continued)

frame for the reconstruction. They also stated the current inventory of billboards along I-70 and I-44 was 2,189 billboards. If 50% were impacted the total billboards impacted would equal 1,095. If 70% were reset the total reset billboards would equal 767. This leaves 328 billboards that would be acquired under the traditional method. The average cost per billboard to reset would be \$37,500. In the previous fiscal note MoDOT currently had no plans for a major reconstruction or rebuild of I-70 or I-44 and did not anticipate the funds becoming available in the next three years for such a large project unless additional funding sources were identified.

Officials at the **St. Louis County** assume that there is no fiscal impact from this proposal.

In response to a similar proposal, SCS for SB 57 (2009), officials at the **City of Kansas City** state MoDot has estimated that this bill will save it \$57,525,000. All of this saving will be shifted to the City, for those billboards that would be moved in Kansas City because our Code does not allow the relocation of nonconforming billboards. If one third of the billboards that are relocated are in Kansas City, then this legislation would cost Kansas City \$19,175,000. If all of those signs are digital billboards, which this legislation allows them to convert to, then the cost would be at least double, or \$38,350,000.

In response to a similar proposal, SCS for SB 57 (2009), officials at the **City of Columbia** assume there are 68 billboards and if they had to be reset it would cost \$2,860,000.

Oversight assumes there is no impact from this legislation as there is currently no reconstruction occurring on I-70 or I-44. Oversight assumes that local governments can change their code provisions bringing them in line with this proposed state law and therefore reducing any costs associated with this policy.

| <u>FISCAL IMPACT - State Government</u> | FY 2012 (10 Mo.) | FY 2013 | FY 2014 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Possibly if the billboard would have to be acquired and could not be reset. The impact to a small business that owns or leases billboards along I-70 and/or I-44 potentially could be that they might lose billboard inventory and/or revenue. These statutory changes are no more biased against small businesses than large businesses.

FISCAL DESCRIPTION

This act modifies various provisions relating to the regulation of outdoor advertising.

LOCAL OUTDOOR ADVERTISING REGULATIONS - Under this act, local regulations relating to billboard size, lighting, and spacing may be more restrictive than state law standards provided such local regulations are reasonable, allow for customary industry usage, and comply with the intent of state law. Local regulations may not have the intent or effect of prohibiting off-premise outdoor advertising structures on commercial or industrial property within 660 feet of federal aid primary or interstate highways. Local ordinances with such an intent or effect shall be invalid and unenforceable. If a court finds that a local regulation is prohibitive, unreasonable, or fails to allow for customary industry usage, then state standards regarding size, lighting, and spacing shall automatically apply in such areas until a valid local ordinance is adopted by the local zoning authority (Section 226.540).

BILLBOARD MORATORIUM DURING PERIODS OF HIGHWAY CONSTRUCTION -

Under this act, on the date the commission approves funding for any phase or portion of construction or reconstruction of any street or highway, the rules in effect for outdoor advertising on August 27, 1999, shall be reinstated for that section of highway scheduled for construction and there shall immediately be a moratorium imposed on the issuance of state sign permits for new sign structures.

Owners of existing signs which meet the requirements for outdoor advertising in effect on August 27, 1999, and the requirements of the federal/state agreement and who voluntarily execute a partial waiver and reset agreement may reset such signs on the same or adjoining property. Such reset agreements shall be contingent upon obtaining any required local approval to reset the sign structure. Any sign which has been reset must still comply with the August 27,

DESCRIPTION (continued)

1999, outdoor advertising regulations after it has been reset.

Owners of existing signs who elect to reset qualifying signs shall receive compensation representing the actual cost to reset the existing sign. Signs which have been reset under the act must be reconstructed of the same type materials and may not exceed the square footage of the original sign structure.

Sign owners may elect to reset existing qualifying signs by executing a partial waiver and reset agreement with the commission.

Upon the completion of construction on any section of highway, the moratorium on new permits shall be lifted and the rules for outdoor advertising in effect on the date the construction is completed shall apply to such section of highway.

Local zoning authorities may prohibit the resetting of qualifying signs which fail to comply with local regulations, but local authorities which choose to prohibit such resetting shall reimburse the commission the cost to condemn such signs less the cost to reset the sign under the act.

The act requires all signs to be subject to biennial inspection fees.

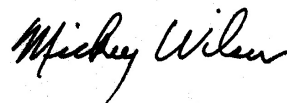
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Transportation
St. Louis County

Not Responding

City of St. Louis
Boone County
Jackson County
City of Kansas City
City of Columbia



L.R. No. 0897-01
Bill No. SB 120
Page 7 of 7
January 31, 2011

Mickey Wilson, CPA
Director
January 31, 2011